

THE CHRONICLE OF PHILANTHROPY.

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The Newspaper of the Non-Profit World

Vol. IV, No. 23 • September 22, 1992 • \$3

GOOD WORKS, PERSON TO PERSON

Natural disasters lead some people to try relief efforts on their own, but charities that are bypassed say the results often fall short

By STEPHEN G. GREENE

FIREFIGHTERS from the nation's capital volunteer to spend a week helping to rebuild Louisiana towns devastated by Hurricane Andrew. A Kentucky woman puts Americans in touch with hard-pressed families in the former Soviet Union. An Indianapolis woman helps Americans adopt African children. One Wisconsin town mobilizes to aid another hit by a tornado.

Such freelance charity by private citizens often supplements the efforts of established non-profit organizations, especially in response to disasters like Hurricanes Andrew and Iniki. In some cases, amateur assistance may be faster and more flexible than campaigns mounted by big organizations.

But now, when flagship non-profits like United



Cheryl Shotts (center), with Kelem, a 6-year-old Ethiopian girl she is adopting, and Mohammed Ag Albakaye, now 20, a Malian she adopted when he was 13, has set up a non-profit to help other Americans adopt African children. "This is the best thing I've ever done in my life," she says. Story on Page 10.

Way of America and the American Red Cross have undergone sharp criticism, some officials are concerned that more Americans may be bypassing organized groups with their contributions—a worry that may ratchet up the latent tension between established groups and freelancing newcomers.

"Big charities have been buffeted" by news accounts of high salaries and benefits and of stolen or otherwise wasted donated goods, says Richard M. Walden, president of Operation USA in Los Angeles, which sends medicine and relief supplies around the world. Americans "have less confidence in big charities," he adds. "The public is saying, If I have \$100 to give, I want it to go where I know it will get converted into food."

"For all the best altruistic reasons, they want to do something valuable and feel good about it," Mr. Walden notes. "They all feel good; whether it is valuable is something else."

Says Darla Brouillard, executive director of a Merritt Island, Fla., charity called Mercy Watch, which manages volunteers who help senior citizens: "There is a very dubious attitude toward organized philanthropic efforts, especially with the effects of the United Way scandal. The attitude of the general public is, I'll give several shirts out of my closet, but I dislike intensely putting my money into groups where it will go to somebody's salary."

A Voluminous Catalogue of Private Efforts

Person-to-person or community-to-community assistance often helps shrink to a comprehensibly human scale the episodes of famine, violence, epidemic diseases, or destruction that may seem overwhelming when viewed in their entirety. In that way, individuals can feel that they have made an appreciable dent in some small piece of a much larger problem.

The catalogue of such efforts is voluminous but for the most part undocumented, since comprehensive

Continued on Page 10

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Keeping Chicago Cool

Kids painted over graffiti on the wall of an old church (above) as part of an effort by 26 Chicago foundations and companies to prevent violence in their city. Story on Page 6.

Modest United Way Goals

Most big United Ways have set modest goals for this fall's fund-raising drives, which may mean tight budgets for thousands of non-profits next year. Story on Page 27.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 23

About Gifts and Giving

- 1** Natural disasters, famine, and other crises often bring an outpouring of person-to-person and community-to-community good works that bypass traditional charities. No one questions the good will of those efforts, but some challenge their effectiveness.
- 14** Charitable organizations mobilized last week to help victims of Hurricane Iniki in Hawaii, but the latest in a series of storms is testing the ability of relief organizations, especially the Red Cross, to respond.
- 8** A new \$46-million fund will benefit cancer research at six institutions.
- 25** More and more Christian groups are trying to win gifts by appealing to spiritual motivations, rather than by emphasizing needs, says a new analysis of research on religious giving.
- 8** The Pittsburgh Foundation has received its largest gift ever, a \$15-million bequest; other recent gifts.

About Fund Raising

- 27** Most of the nation's large United Ways have set conservative goals for this year's drives. A few don't expect to raise even as much as they did last year.
- 26** Fort Worth's United Way has started its fall campaign trying to cope with the twin problems of controversy and the economy.
- 30** Funds that concentrate on aiding women suffered a decrease in donations last year, although the size of their endowments increased.
- 30** The Muscular Dystrophy Association's annual telethon raised a record \$45-million, despite protests from disability activists.
- 30** Charities should not be required to count pledges as revenue, says a former top official of the Council for Aid to Education.
- 30** The Senate has joined the House in passing a bill to provide postal subsidies for non-profits.
- 31** A big bronze piggy bank is bringing in donations for a Seattle charity (Ideas).

About Managing Non-Profits

- 33** Leaders of state associations of non-profits have called on the Presidential candidates to promise to ease regulatory burdens and involve charities more in solving the nation's problems.
- 31** Many non-profits are finding that they can get free or low-cost help by calling on colleagues at other organizations (The Basics).
- 34** Faced with a decline in revenue, the YWCA of the U.S.A. has laid off half of its staff.
- 39** Reports on charities by the Better Business Bureau and National Charities Information Bureau.

Kicking off this fall's United Way campaign in Fort Worth **26**

About Grant Makers

- 6** Foundations and corporations in Chicago joined forces to create a program to keep the city's streets calm and prevent the kind of violence that rocked Los Angeles earlier this year. They believe their experience may offer lessons for other cities.
- 24** Foundation assets rose little in 1990, but the endowments seem to be making a comeback, which means bigger grants budgets.
- 8** A new guide is intended to help grant makers get more involved in efforts to shape public policies that affect people with AIDS.
- 8** Because of layoffs, many companies are asking their community-relations officials to be involved in grant making, says a new report.
- 31** Hitachi Foundation officials spent a day digging dirt to help one of the fund's grantees (Ideas).

About Volunteers

- 8** Points of Light 878 to 891 were named by the Bush Administration.

Of Special Interest to Board Members

- 33** Leaders of statewide organizations of non-profits are urging the Presidential candidates to promise to ease the regulatory burden on charities, encourage charitable giving, and take steps to involve non-profits in solving the nation's problems.
- 41** The trustees of the Harry and Jeanette Weinberg Foundation are too secretive and irresponsible, charges columnist Pablo Eisenberg, but Leslie Lenkowsky argues that privacy can be good for philanthropy.

Also In This Issue

- 39 Tax Watch:** The IRS says companies can't take charitable deductions for donations made in exchange for employee contributions to political-action committees; the IRS will speed the processing of tax-exemption applications for new hurricane-relief organizations; other recent actions.
- 40 Opinion:** Barry R. Rubin on non-profit employee burnout, and Pablo Eisenberg and Leslie Lenkowsky on the Harry and Jeanette Weinberg Foundation's penchant for privacy.
- 40 Letters** on silencing progressive organizations and on a magazine's criticism of Hillary Clinton's role on a foundation board.
- 32 Books:** A summary of *Lives in Trust: The Fortunes of Dynastic Families in Late Twentieth-Century America* and other new books.
- 31 Reading List:** Telephone fund raising and phonathons.

Corrections

► An article on tax changes pending in Congress inaccurately described the current law governing donations from companies or people who receive part of their income from foreign sources (August 11). Companies are now allowed to apportion charitable contributions between their domestic and foreign incomes based on the portion of income from each source.

► A chart showing the 50 community foundations that have the largest assets provided incorrect numbers for the San Diego Community Foundation (August 11). The market value of its assets was \$54,319,840 last year, ranking the foundation 31st.

► Figures on a chart showing median salaries for chief executives of private foundations were reversed (September 8). A corrected version of the chart appears on Page 34.

Foundations' Assets Are Said to Rebound From Slump in 1990

Grant-making budgets at many of the nation's foundations will probably be bigger this year than in 1991, according to a top official at the Foundation Center.

That's because early predictions indicate that foundation assets grew quickly last year. They rose very slowly in 1990, however, the most recent year for which exact figures are available, which may explain why foundation grants seemed hard to come by in 1991, explained Loren Renz, vice-president for research at the New York-based center and the main author of a new report on grant-making trends.

"Basically, when we see a year when asset values drop at year's end, it usually means that foundations would be conservative when planning their grant budgets for the coming year," she said.

\$5-Billion Rise in 1990

The assets of the nation's grant makers rose only \$5-billion in 1990, to \$142.5-billion, according to the report, "Foundation Giving: Yearbook of Facts and Figures on Private, Corporate, and Community Foundations." Adjusted for inflation, foundation assets actually dropped in value by 1.4 per cent at the end of 1990, due in large part to the stock market's poor performance that year.

Even though assets grew slowly, foundation giving increased by 9.7 per cent because of robust investment growth in 1989. The portion of foundation assets distributed to non-profits increased to 6.1 per cent in 1990, up from 5.75 per cent in 1989.

Grant makers distributed a total of \$8.7-billion in 1990, about \$750-million more than the year before.

Even after adjusting for inflation, grants increased by 4 per cent in 1990, compared to 2 per cent the previous year. Inflation in 1990 was 5.1 per cent.

Corporate foundations reported the smallest increase—only 6 per cent—in the amount they distributed to non-profits during 1990. The report noted that corporate foundations, for the second year in a row, paid out far more in grants than they received in support from their parent companies. In 1990, corporate foundations gave away about \$300-million more than they received.

Independent foundations distributed approximately \$600-million in grants—10.5 per cent more than in 1989. The Foundation Center attributed that gain in part to the creation of a new fund, the Annenberg Foundation in St. Davids, Pa., which distributed nearly \$60-million in 1990.

A review of over 57,000 grants of \$10,000 or more made by 832 foundations showed these trends:

- Foundations continued to prefer to make grants to support specific programs. Such grants accounted for 40 per cent of all grants. Capital projects received 25 per cent of foundation dollars, while less than 12 per cent went to help non-profits with their general operating costs.

- Educational institutions and

libraries received 26 per cent of all money from foundations during 1990, up from 22 per cent in 1989.

- Giving to health groups remained steady at about 17 per cent in 1990.

- Grants for arts, cultural, or humanities projects also received the same proportion as the year before, at about 14 per cent. Performing-arts, music, and theater received most of the arts money.

From 1989 to 1990, the number of foundations stayed almost constant, at around 32,000. Yet the 1980's represented a period of dramatic growth, during which nearly one of every four of the foundations active today was created, according to the Foundation Center.

Unlike 1989, when six foundations received gifts of over \$100-million, no foundation received a donation of that size in 1990. The largest gifts to U.S. foundations in 1990 included:

- \$76-million to the Frey Foundation in Grand Rapids, Mich., to add to its endowment.

- \$76-million to the Hall Family Foundations in Kansas City, Mo., from the J. C. Hall estate.

- \$52-million in a bequest to the Wayne & Gladys Valley Foundation in San Ramon, Cal.

- \$51.6-million to the Forrest C. Lattner Foundation in Delray Beach, Fla.

- \$50-million to the Procter & Gamble Fund in Cincinnati from the Procter & Gamble Company.

Most Give Locally

Foundations continued to give the bulk of their money to non-profits based in the same geographic region as the grant maker. Among the 8,700 largest foundations—those with assets of \$1-million or more—only 23 per cent, or 2,000, give on a national or international basis, the study found.

While the bulk of foundation giving has traditionally been in the Middle Atlantic states (New York, New Jersey, and Pennsylvania), the South and Pacific regions have seen gains over the past 15 years.

About 26 per cent of all grant-making foundations are located in the Middle Atlantic states.

The Pacific states (Alaska, California, Hawaii, Oregon, and Washington) are home to 11 per cent of foundations. Those foundations in 1990 had just over 13 per cent of all foundation assets, up from only 7 per cent in 1975.

Foundations in the South Atlantic Region (Delaware, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, and West Virginia) hold about 11 per cent of all assets, up from 8 per cent in 1975.

Overall, foundations in 10 states gave away the majority—about 71 per cent—of all foundation grants. New York foundations topped the list, awarding just under \$2-billion, or 23 per cent of all grants.

Copies of the report are available for \$19.95, plus \$4.50 (\$1.50 for each additional copy) for postage and handling from the Foundation Center, 79 Fifth Avenue, New York 10003; (800) 424-9836.

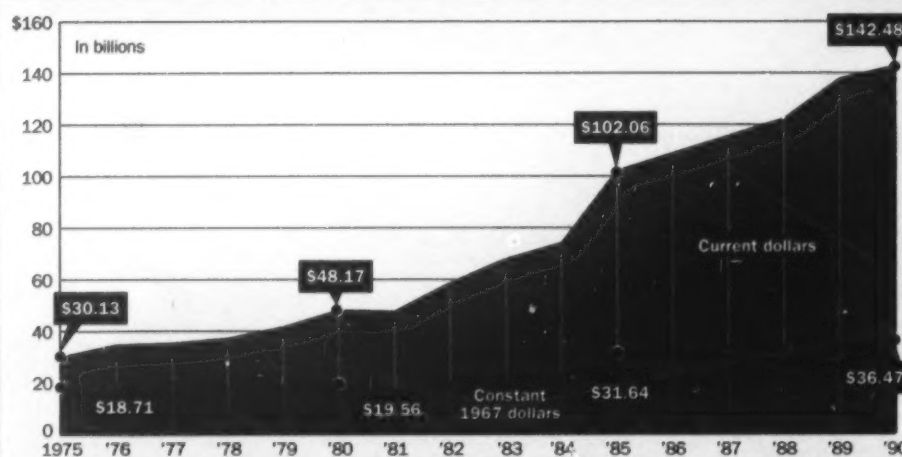
—JENNIFER MOORE

Foundation Trends

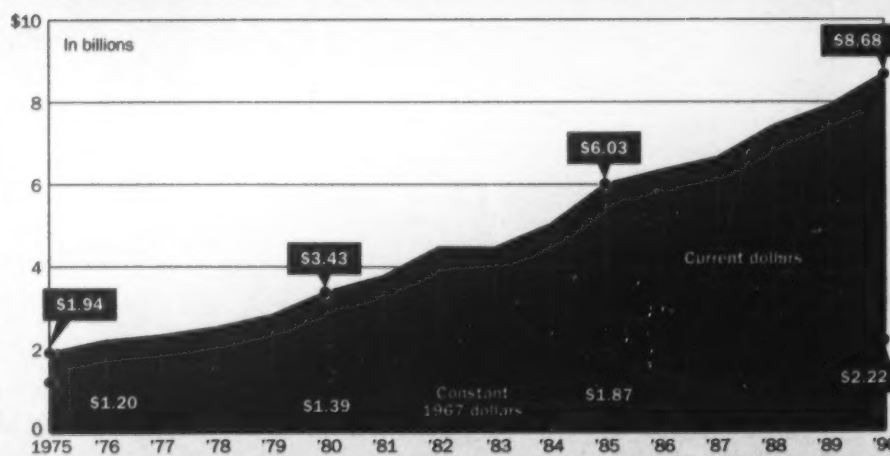
One-Year Changes

	1989	1990		1989	1990
All foundations			Corporate foundations		
Foundations	31,990	32,401	Foundations	1,587	1,718
Total grants	\$7,911,068,000	\$8,676,720,000	Total grants	\$1,366,454,000	\$1,443,732,000
Total assets	137,535,950,000	142,476,770,000	Total assets	5,727,466,000	5,876,076,000
Gifts received	5,522,229,000	4,972,058,000	Gifts received	1,111,687,000	1,143,107,000
Independent foundations			Community foundations		
Foundations	28,669	28,743	Foundations	282	328
Total grants	\$5,992,009,000	\$6,623,245,000	Total grants	\$427,263,000	\$495,886,000
Total assets	117,941,264,000	121,596,833,000	Total assets	6,002,047,000	6,622,440,000
Gifts received	3,667,669,000	3,035,178,000	Gifts received	553,626,000	609,391,000

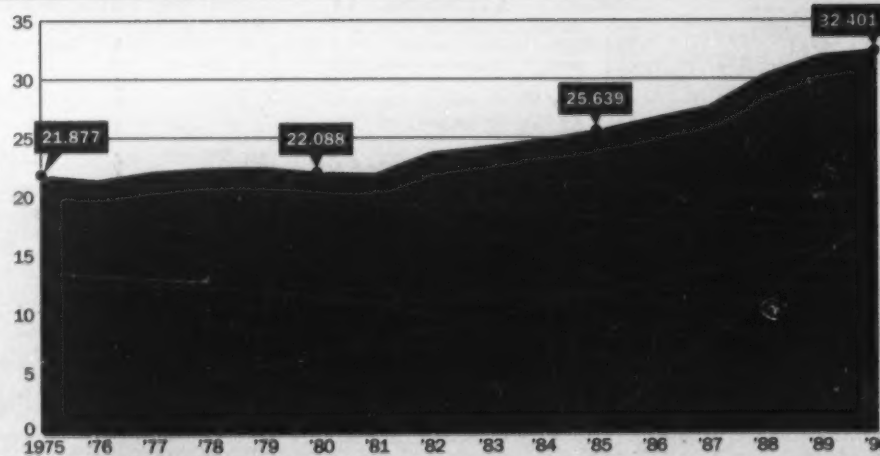
Effect of Inflation on Foundation Assets, 1975-90



Effect of Inflation on Foundation Grants, 1975-90



Number of Grant-Making Foundations, 1975-90



How Grants Were Distributed, 1990

By Subject			By Type of Support			By Population Served		
	Amount	Per cent		Amount	Per cent		Amount	Per cent
Arts & culture	\$639,072,000	14.3%	General support	\$553,096,000	12.4%	Aged	\$101,610,000	2.3%
Education	1,150,276,000	25.7	Capital support	1,110,340,000	24.8	Alcohol & drug abusers	19,094,000	0.4
Environment & animals	208,111,000	4.7	Emergency funds	615,000	0.0	Children & youth	501,922,000	11.2
Health	751,579,000	16.8	Program support	1,774,200,000	39.7	Crime or abuse victims	12,791,000	0.3
Human services	645,462,000	14.4	Research	473,958,000	10.6	Disabled	156,230,000	3
International affairs, development, & peace	140,414,000	3.1	Student aid funds	251,588,000	5.6	Economically disadvantaged	209,181,000	4.7
Public & social benefit	491,140,000	11.0	Technical assistance	53,223,000	1.2	Gays and/or lesbians	1,281,000	0.0
Science & technology	222,688,000	5.0	Not specified	968,841,000	21.6	Immigrants & refugees	20,878,000	0.5
Social sciences	133,495,000	3.0				Men & boys	50,430,000	1.1
Religion	85,113,000	1.9				Military & veterans	1,985,000	0.0
Other	7,242,000	0.2				Minorities	281,208,000	6.3
						Offenders & ex-offenders	14,795,000	0.3
						People with AIDS	29,042,000	0.6
						Single parents	4,690,000	0.1
						Women & girls	183,800,000	4.1
						Not specified	3,260,440,000	72.9

Note: Percentages do not add up to 100 because multi-purpose grants have been counted twice.

State and Regional Data, 1990

	Number of foundations		Assets		Gifts received		Expenditures		Total grants	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
Middle Atlantic	8,430	26.0%	\$48,287,716,000	33.9%	\$1,305,043,000	26.2%	\$3,485,777,000	33.6%	\$2,964,394,000	34.2%
New Jersey	995	3.1	5,345,996,000	3.8	139,814,000	2.8	379,382,000	3.7	321,794,000	3.7
New York	5,736	17.7	31,263,775,000	21.9	918,685,000	18.5	2,333,937,000	22.5	1,954,077,000	22.5
Pennsylvania	1,699	5.2	11,677,945,000	8.2	246,544,000	5.0	772,458,000	7.4	688,522,000	7.9
East North Central	5,975	18.4	\$28,177,376,000	19.8	\$896,407,000	18.0	\$1,937,988,000	18.7	\$1,656,254,000	19.1
Illinois	2,051	6.3	8,245,282,000	5.8	261,312,000	5.3	634,926,000	6.1	539,066,000	6.2
Indiana	679	2.1	4,976,256,000	3	63,020,000	1.3	217,385,000	2.1	183,688,000	2.1
Michigan	990	3.1	8,851,956,000	6.2	201,643,000	4.1	559,074,000	5.4	483,112,000	5.6
Ohio	1,442	4.5	4,620,747,000	3.2	297,592,000	6.0	390,572,000	3.8	335,143,000	3.9
Wisconsin	813	2.5	1,483,136,000	1.0	72,840,000	1.5	136,032,000	1.3	115,245,000	1.3
Pacific	3,550	11.0	\$19,050,089,000	13.4	\$447,218,000	17.0	\$1,280,742,000	12.3	\$1,022,064,000	11.8
Alaska	24	0.1	9,317,000	0.0	1,484,000	0.0	1,751,000	0.0	1,264,000	0.0
California	2,591	8.0	16,937,618,000	11.9	714,046,000	14.4	1,101,820,000	10.6	871,038,000	10.0
Hawaii	141	0.4	394,302,000	0.3	30,431,000	0.6	26,739,000	0.3	21,893,000	0.3
Oregon	293	0.9	715,577,000	0.5	41,730,000	0.8	53,564,000	0.5	47,143,000	0.5
Washington	501	1.5	993,274,000	0.7	59,527,000	1.2	96,868,000	0.9	80,725,000	0.9
West South Central	2,175	6.7	\$11,378,004,000	8.0	\$286,934,000	5.8	\$79,865,000	8.5	\$44,395,000	7.4
Arkansas	160	0.5	418,746,000	0.3	23,361,000	0.5	44,728,000	0.4	39,825,000	0.5
Louisiana	213	0.7	466,984,000	0.3	19,883,000	0.4	31,262,000	0.3	22,687,000	0.3
Oklahoma	263	0.8	2,001,541,000	1.4	25,188,000	0.5	120,596,000	1.2	87,961,000	1.0
Texas	1,539	4.7	8,490,733,000	6.0	218,502,000	4.4	683,278,000	6.6	493,923,000	5.7
South Atlantic	4,360	13	\$16,113,497,000	11.3	\$442,302,000	12.9	\$1,171,909,000	11.3	\$990,240,000	11.4
Delaware	160	0.5	961,686,000	0.7	18,231,000	0.4	61,109,000	0.6	54,200,000	0.6
District of Columbia	274	0.8	1,525,108,000	1.1	69,237,000	1.4	136,318,000	1.3	107,084,000	1.2
Florida	1,300	4.0	3,219,821,000	2.3	149,349,000	3.0	273,596,000	2.6	231,575,000	2.7
Georgia	551	1.7	3,102,209,000	2.2	133,018,000	2.7	173,025,000	1.7	155,250,000	1.8
Maryland	579	1.8	1,970,646,000	1.4	55,686,000	1.1	124,303,000	1.2	110,073,000	1.3
North Carolina	585	1.8	3,123,785,000	2.2	116,267,000	2.3	208,456,000	2.0	182,151,000	2.1
South Carolina	217	0.7	331,648,000	0.2	15,366,000	0.3	29,379,000	0.3	24,503,000	0.3
Virginia	587	1.8	1,658,668,000	1.2	66,772,000	1.3	149,610,000	1.4	111,853,000	1.3
West Virginia	107	0.3	219,926,000	0.2	18,376,000	0.4	16,111,000	0.2	13,550,000	0.2
West North Central	2,404	7.4	\$7,261,157,000	5.1	\$379,280,000	7.6	\$628,100,000	6.1	\$568,132,000	6.5
Iowa	472	1.5	618,708,000	0.4	21,877,000	0.4	59,173,000	0.6	54,052,000	0.6
Kansas	336	1.0	360,546,000	0.3	27,971,000	0.6	37,493,000	0.4	33,017,000	0.4
Minnesota	593	1.8	3,646,864,000	2.6	151,723,000	3.1	284,824,000	2.7	256,909,000	3.0
Missouri	680	2.1	2,095,256,000	1.5	148,625,000	3.0	193,965,000	1.9	177,060,000	2.0
Nebraska	216	0.7	482,425,000	0.3	26,605,000	0.5	47,448,000	0.5	43,543,000	0.5
North Dakota	51	0.2	38,446,000	0.0	1,623,000	0.0	3,444,000	0.0	2,260,000	0.0
South Dakota	56	0.2	18,912,000	0.0	837,000	0.0	1,755,000	0.0	1,292,000	0.0
New England	3,244	10.0	\$5,737,828,000	4.7	\$373,547,000	7.5	\$579,283,000	5.6	\$492,403,000	5.7
Connecticut	799	2.5	2,482,320,000	1.7	160,117,000	3.2	243,242,000	2.3	207,021,000	2.4
Maine	285	0.9	117,489,000	0.1	6,822,000	0.1	10,604,000	0.1	8,580,000	0.1
Massachusetts	1,701	5.2	3,056,519,000	2.1	145,224,000	2.9	247,488,000	2.4	210,604,000	2.4
New Hampshire	210	0.6	364,104,000	0.3	16,220,000	0.3	24,590,000	0.2	20,753,000	0.2
Rhode Island	173	0.5	631,329,000	0.4	41,107,000	0.8	46,830,000	0.5	41,464,000	0.5
Vermont	76	0.2	85,066,000	0.1	4,057,000	0.1	6,529,000	0.1	3,982,000	0.0
Mountain	1,168	3.6	\$3,328,678,000	2.3	\$109,550,000	2.2	\$233,067,000	2.2	\$190,335,000	2.2
Arizona	233	0.7	515,822,000	0.4	19,933,000	0.4	39,705,000	0.4	29,969,000	0.3
Colorado	403	1.2	1,447,103,000	1.0	57,777,000	1.2	117,552,000	1.1	96,592,000	1.1
Idaho	75	0.2	74,578,000	0.1	2,160,000	0.0	5,357,000	0.1	4,301,000	0.0
Montana	90	0.3	60,812,000	0.1	6,631,000	0.1	4,302,000	0.0	3,410,000	0.0
Nevada	94	0.3	686,517,000	0.5	12,588,000	0.3	33,235,000	0.3	29,405,000	0.3
New Mexico	71	0.2	143,521,000	0.1	4,548,000	0.1	8,735,000	0.1	5,873,000	0.1
Utah	146	0.5	319,907,000	0.2	3,238,000	0.1	19,756,000	0.2	17,335,000	0.2
Wyoming	56	0.2	80,418,000	0.1	2,674,000	0.1	4,424,000	0.0	3,451,000	0.0
East South Central	1,090	3.4	\$2,053,414,000	1.4	\$128,605,000	2.6	\$174,828,000	1.7	\$147,111,000	1.7
Alabama	330	1.0	471,741,000	0.3	50,800,000	1.0	36,609,000	0.4	31,766,000	0.4
Kentucky	278	0.9	502,655,000	0.4	41,491,000	0.8	50,152,000	0.5	39,491,000	0.5
Mississippi	125	0.4	116,749,000	0.1	6,971,000	0.1	11,768,000	0.1	9,835,000	0.1
Tennessee	357	1.1	962,268,000	0.7	29,343,000	0.6	76,300,000	0.7	66,018,000	0.8

SOURCE: Foundation Center

CHRONICLE CHART BY JOJO GRACIAS

In Seeking Gifts, Churches Stress the Spiritual

More and more Christian groups are trying to win gifts by appealing to a donor's spiritual motivations and are backing away from fundraising techniques that are popular with most secular charities, according to a new report by the Ecumenical Center for Stewardship Studies in Indianapolis.

The report, which was produced with a grant from the Lilly Endowment, noted that many Christian groups are emphasizing "stewardship," which refers to the Biblical concept that people are servants to God, and therefore must contribute a large portion of their time and personal wealth toward accomplishing God's work.

Even though the stewardship approach has become more popular with many churches, the report, which analyzed recent research on religious giving, noted that the differences between giving by people of different faiths were more striking:

► Members of conservative Protestant congregations put a higher portion of their income into church coffers than did more-liberal Protestants and Roman Catholics.

► Among the religious groups that receive the largest share of church members' income: the Church of Jesus Christ of Latter-day Saints, known as the Mormons, which collects on average more than 7 per cent of pre-tax household income from its members; Assemblies of God, whose members give more than 5 per cent of their earnings; and the Seventh-day Adventist Church, whose members give more than 4 per cent to the church.

► Among the religious groups that receive the smallest share of their members' income: the Episcopal church, which gets about 1.7 per cent of members' pre-tax income; the Evangelical Lutheran Church in America, which gets about 1.5 per cent; and the Catholics church, which gets less than 1.3 per cent.

More Studies Sought

The report said that more studies on religious giving should be conducted and suggested several hypotheses that should be tested. Among them:

► Is church giving greater for congregations that ask for a portion of personal income than at those that stress how much a church actually needs to run its programs?

► Do younger and more educated church members prefer to support specific church programs, rather than giving money to be used for general operating costs, as some religious fund raisers have suggested?

Copies of the report, "Research on Factors Influencing Giving to Religious Bodies," can be obtained from the Ecumenical Center for Stewardship Studies, 1100 West 42nd Street, Suite 335, Indianapolis 46208; (317) 926-3525. The cost is \$12, plus \$2 for shipping and handling.

—VINCE STEHLE

Most Big United Way Campaigns Have Set Conservative Goals

MOST OF THE NATION'S LARGE United Ways are setting conservative fundraising goals for their fall drives, making it virtually certain that many nonprofits supported by the big charity federation will feel a financial pinch next year.

Only five of the 25 biggest United Ways expect to raise enough to stay ahead of the current inflation rate of 3.2 per cent. And four are estimating that they will bring in less money than they did last year, according to a survey by *The Chronicle*.

The tight economy plus the controversy over former United Way of America President William Aramony are the chief reasons that many of the big United Ways are trying to scale back expectations. Many also say they are getting protests from donors over the decision by the San Francisco United Way to stop supporting the Boy Scouts because of the organization's national policy of excluding homosexuals.

The only United Ways among the top 25 that are anticipating gains that will outpace inflation are those in Atlanta, Indianapolis, Houston, San Francisco, and Seattle.

United Way of America has not yet issued an estimate of how much it expects all 2,100 United Ways to raise this year, but Michael R. Wargo, vice-president for community campaigns, said preliminary tabulations showed that the drives will bring in 4 per cent more than last year. United Ways raised a total of \$3.17-billion last year, a \$60-million increase over 1990, but it was the second year in a row that the total did not keep pace with inflation. The Bureau of Labor Statistics is predicting that the inflation rate for the entire year of 1992 will be 2.9 per cent.

"My expectation is that it will, in fact, grow and I think it will grow in spite of the economy," said Mr. Wargo. "That's because there are many United Ways out there who are telling their story, trying to include everybody."

While the controversies over United Way policies and management have prompted much criticism from donors, the shaky economy is by far the leading concern for most fund raisers.

At Denver's Mile High United Way, which plans to raise \$26.4-million, \$1.2-million less than last year, Gayle Greer, chairman of the board, said layoffs at some of the city's largest employers—including Manville, Martin Marietta, Public Service Company of Colorado, Time Warner Cable, and US West—were the main reason for setting a lower goal.

She added another important factor in setting this year's goal: "We also feel that we have a real good chance of exceeding that goal." After the difficulties of dealing with hard economic times, "we wanted to have a goal that at the end of the year we could celebrate."

In addition to Denver, United Ways in Cleveland; Hartford, Conn.; and Philadelphia are planning to raise less than they brought in last year.

Economy Is Blamed in Chicago

Mark Knickelbine, spokesman for Chicago's United Way/Crusade of Mercy, also said that the economic downturn was the primary problem facing this fall's campaign. Chicago hopes to raise \$109-million, compared to the \$105.6-million it brought in in 1991-92.

Because of layoffs, "companies don't have people there to contribute," Mr. Knickelbine said. Making matters worse, he said, was that "some of those companies are finding themselves hard pressed to devote the human resources" needed to run a successful campaign.

But he said he was also worried about the impact of the controversies. The United Way of Chicago has placed the local Boy Scouts council on "provisional membership" status for its requirement that members pledge their "duty to God" and for its policy excluding homosexuals, but has not cut off support.

The action means that the Boy Scouts have up to three years to comply with the United Way's equal-opportunity and affirmative-action policies

Continued on Page 29



JOYCE MARSHALL, FOR THE CHRONICLE



JOYCE MARSHALL, FOR THE CHRONICLE

Arthur C. Hester, the General Motors plant manager, reminds workers that community support helped save their jobs and urges them to return the favor by giving to United Way.

1992 Fund-Raising Goals of 25 Largest United Ways

	1991-92 actual	1992-93 goal	Percentage change
Chicago	\$105,581,000	\$109,000,000	+ 3.2%
Los Angeles	85,200,000	No goal	—
New York	77,000,000	Not set yet	—
Washington	74,895,519	No goal	—
Houston	64,003,621	67,000,000	+ 4.7
Detroit	62,723,000	63,600,000	+ 1.4
San Francisco	59,008,528	72,000,000	+22.0
Philadelphia	55,220,000	55,200,000	—
Atlanta	54,049,928	58,033,000	+ 7.4
Cleveland	51,308,124	47,500,000	- 7.4
St. Louis	50,078,930	51,000,000	+ 1.8
Boston	47,389,527	Exceed 1991	—
Minneapolis	47,025,000	47,500,000	+ 1.0
Seattle	45,502,075	47,300,000	+ 4.0
Cincinnati	43,400,093	Not set yet	—
Dallas	43,180,077	43,656,000	+ 1.1
Baltimore	39,008,745	Not set yet	—
Pittsburgh	36,700,000	37,100,000	+ 1.1
Rochester, N.Y. ²	35,400,000	38,500,000	+ 8.8
Kansas City, Mo.	33,356,000	33,870,500	+ 1.5
Columbus, Ohio	33,000,000	No goal ³	—
Indianapolis	31,320,489	33,688,582	+ 7.6
San Diego	30,720,000	Exceed 1991	—
Denver	27,503,457	26,350,000	- 4.2
Hartford, Conn.	26,500,000	23,500,000	-11.3

¹ Decrease of less than 1 per cent.

² Spring campaign.

³ Seek to raise maximum amount possible for health and human services.

interview subjects, Mr. Phillips says. Donors said that they were more emotionally affected by that slogan and that it made them more aware of how their donations would be used to help the needy.

Apologizing for National Scandal

As part of the communications strategy, campaign leaders have also prepared a two-page primer to help volunteers answer questions about controversial issues that may come up.

For example, the primer says that if volunteers are asked about "the reports of extravagant living by United Way of America's president," they should deliver an answer similar to the following:

"The United Way is sincerely sorry for the actions that have occurred on the national level. Rest assured that corrective actions were quickly taken at United Way of America so that additional financial mismanagement will never happen again."

One local business leader who

won't be swayed by this year's promotional strategy runs a company with 100 employees. His company has participated in the United Way drive for more than 15 years but withdrew this year—despite two entreaties by senior campaign officials—because he was unhappy about Mr. Aramony's management and spending practices and about the decision by San Francisco's United Way to cease giving money to the Boy Scouts.

The businessman declined to be identified by name, saying that he did not want to have a "high profile" as an opponent of the United Way campaign. "They did something I would have a hard time justifying to my employees," he says, but "I don't want to get into an adversary relationship with them."

He says he was displeased by reports that Mr. Aramony had diverted United Way funds for personal use and had started several spin-offs to carry out services for United Way. Although Mr. Aramony has denied serious improprieties

and United Way of America officials have tightened their management and spending practices, the businessman says, "it's too bad that it went on for a number of years before anybody caught it."

As for the Boy Scouts controversy, he says that cutting off aid to the youth group "flies in the face of anyone who has a family."

'Magic in the Air'

Despite the weakness of the General Motors' campaign, Mr. Jirik, the United Way president, is optimistic about reaching the \$22.6-million goal. He says results from early drives show solid support in key areas. Mr. Jirik is cheered that Harris Methodist Health Systems' employees so far have given 15 per cent more than last year at this time.

"I really sense a magic in the air," he told a meeting of key business leaders preparing for this fall's campaign. Despite the potential repercussions of the United Way of America controversy and the other

local concerns, he said, "people are behind the campaign. I just feel it."

The campaign will end on October 23. In November, Mr. Jirik and about 120 volunteers will begin the task of dividing up the campaign total among non-profits that serve the needy. Karen Perkins, executive director of the Women's Center of Tarrant County, which provides rape counseling and job training, will be watching. Her agency wants a 5-per-cent increase in its allocation this year.

The agency has suffered severe cuts in federal support this year. It lost \$280,000 in government aid for a job-placement program, \$15,000 for rape-crisis therapy, and \$35,000 for a program to encourage tenants in public-housing projects to become more self-sufficient.

Ms. Perkins concedes that some may think it "cheeky" to be asking United Way for a 5-per-cent raise but she says that it's a question of finding new sources of money or eliminating worthy programs.

"This community will dig deeper when times are tough," she says. "It seems the rank-and-file workers tend to dig deeper."

Not All Need Pitch

Back at the General Motors plant, autoworker Roy Lee Taylor Jr. stands beside a conveyor belt as brand-new Caprices slowly roll past his work station. He has just finished listening to the United Way pitch and he says he was impressed with the speeches and campaign film that included music by the country singer Randy Travis. But Mr. Taylor says he didn't need the pitch. He has been a loyal contributor to the United Way for 25 years.

"They didn't have to show me all that," he says. "I would give anyway."

This is the first in a series of articles showing the inside operations of a United Way campaign, from the start of the drive to the allocation of the money to charities.

Most Big United Way Campaigns Have Set Conservative Goals

Continued from Page 27

or else the charity will no longer be eligible for United Way aid.

Mr. Knickelbine said Chicago United Way leaders had not conducted any surveys to determine whether donors might withhold their contributions because of anger at the United Way.

"I can't give you a blanket statement that people are more ticked off about the Boy Scouts than the Aramony situation," Mr. Knickelbine said. But, he said, "we're not fooling ourselves. We realize both of these issues are causing significant questions in the minds of donors."

Smaller United Ways are also worried about the impact of the weak economy. In Duluth, Minn., early results indicate that the biggest problem facing the campaign has been the fact that many people in middle-management posts at local companies have lost their jobs and moved to other areas, said Kathleen Busche, the campaign director.

"We came into this thinking the United Way of America issue would be our biggest problem," she said. "It's not. Middle management is the biggest problem."

Duluth's United Way leaders have set a \$2-million goal, 4.4 per cent higher than in 1991.

22% Increase in San Francisco

Some United Ways have set goals based on how much help charities in their cities need, not how much they think they can count on raising.

At San Francisco's United Way of the Bay Area, officials have set a goal of \$72-million, a 22-per-cent increase over last year's total. United Way leaders have not detected any major improvements in the area's economic health, but they think it is important to have an ambitious goal.

"It's largely symbolic," said John Stafford, the United Way's spokesman.

He said the estimate for this year was intended to serve as a remind-

er of how much more needs to be raised if the United Way is to meet its goal of raising \$100-million by 1996.

Mr. Stafford said the high goal was also intended to underscore a serious increase in the city's social-service needs at a time when the state government is cutting its support for many groups that provide such services.

He also said United Way leaders were expecting a significant increase in donations partly due to "Project Share," a new effort that allows rival fund-raising federations to join the United Way's campaign and share in its expenses. In the past, other fund-raising federations were not allowed to raise money as part of the United Way campaign. United Way leaders say they expect the collaborative effort to draw new donors.

Some Won't Announce Goals

Although many local United Ways usually release their fund-raising goals by August, seven of the largest United Ways—including Los Angeles and New York City—either have not set a specific goal or do not plan to announce one publicly.

Both the New York and Los Angeles United Ways did not fare well last year, raising less than they had the year before.

Byron Allumbaugh, chairman of the Los Angeles United Way campaign, said it would be "arbitrary" to set a campaign goal this year because of the harsh recession and last spring's riots in his city.

"So, we'll simply state the obvious: We need to raise all the money we can possibly raise to ameliorate problems ranging from hunger and homelessness to medical care for the elderly and programs to help the youth of our community lead productive lives," said Mr. Allumbaugh, who is chairman and chief executive officer of Ralph's Grocery Company. —BRUCE MILLAR

Dan Joseph contributed to this article.

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Women's Funds Suffer a Decrease in Donations, but Endowments Show Growth

By DAN JOSEPH

The endowments of funds that concentrate on aiding women increased sharply last year, but the funds also saw a decrease in donations, according to a new survey by the National Network of Women's Funds.

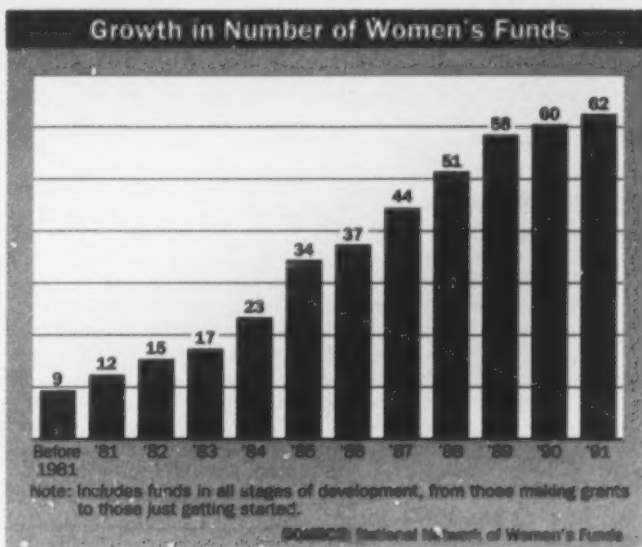
Endowments increased 14.4 per cent for the 22 funds that reported their endowment size in both 1990 and 1991, according to the network, which represents 62 grant makers that earmark at least three-fourths of their awards for programs that aid women and girls.

The median endowment size for these 22 grant makers rose to \$549,393, meaning that half the endowments were larger than that number and half were smaller.

At the same time, donations dropped 5.6 per cent for the 30 funds that reported this figure both of the last two years. The median amount of donations received by those funds was \$158,603.

Endowment and donation totals varied widely among the funds. The group with the largest endowment was the Kentucky Foundation for Women, at about \$8-million, while many funds had endowments of less than \$100,000. The Ms. Foundation for Women, based in New York, raised the most money last year—\$2.2-million, while most funds raised less than \$500,000.

The network's executives attrib-



uted the funds' revenue drop to the weak state of the economy. But they were uncertain why the value of the funds' endowments had been increasing so rapidly.

A Few Build Endowments

Carol Mollner, executive director of the network, said the increase probably did not result from investments that funds have made. She said that many funds had not tried building their endowments through fund raising until 1991, so that could account for the gain. The

funds, most of which are under 10 years old, often have preferred establishing records as grant makers before starting campaigns to raise money for endowments, she said.

But not all funds have taken that course. The four-year-old Maine Women's Fund has pumped almost all the money it has received since its inception into its endowment, said the director, Joanne Peterson. The fund increased its endowment by about 12 per cent last year, to over \$200,000, through a special fund-raising drive, she said.

Kris Torkelson, director of development for the Chicago Foundation for Women, noted that some donors, especially those making substantial contributions, prefer that their money be put into endowments. Several large gifts have increased the Chicago foundation's endowment from \$357,000 in 1989 to \$608,000 in 1991, she said.

Ms. Mollner said she believed that the drop in donations was a result of the recession. The tight economy has hurt the middle-class and working women on whom the funds depend for the majority of their contributions, she said.

Many of the donors who had given in the past continued to do so, but their gifts were generally smaller, Ms. Mollner said.

The survey found that six funds received 100 per cent of their contributions from individuals and that most funds received less than one-fifth of donations from corporations and other foundations. Five funds received individual gifts of more than \$100,000, but 98 per cent of the gifts from individual donors were for less than \$5,000.

Officials of the network say that even though last year's fund-raising figures were not robust, they expect the funds to do better this

year. Reports on fund raising so far show that many funds are increasing their revenues more rapidly than they did last year.

"The numbers seem to be better," said Joan Brintnall-Fawcett, member-services director of the network. "I think the turnaround is starting, but there's still a struggle among the funds. The strategies

The tight economy has hurt the middle-class and working women on whom the funds depend for their contributions.

that have been tried haven't been working."

Copies of the survey results can be obtained free from Ms. Brintnall-Fawcett, National Network of Women's Funds, 1821 University Avenue, Suite 409 North, St. Paul 55104; (612) 641-0742.

IN BRIEF: Fund Raising

Over \$45-Million Raised for Muscular Dystrophy

The annual Muscular Dystrophy Association Jerry Lewis Labor Day Telethon raised \$45.76-million in pledges this year—a 1.5-per-cent increase over last year.

For the second year in a row,

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

October 1991	9.0%
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4
July	8.2
August	7.8
September	7.2

SOURCE: PG Calc Inc.

disability activists held demonstrations to protest the fund-raising tactics used during the telethon. The protesters have contended that the association exploits people with the disease to evoke pity and wring money from viewers. Small and peaceful protests took place outside about a dozen television stations that broadcast the telethon.

Jim Brown, director of public-affairs for the association, said the telethon did not exploit disabled people but showed them leading productive lives. "To say that our telethon doesn't portray people in the most successful manner is a fallacy," he said.

Mr. Brown said he did not believe the activists had any impact on the amount brought in by the telethon. He noted that the appeal raised more than it ever had, even though the destruction wrought by Hurricane Andrew a week before the telethon and the "lackluster economy" could have caused more people than usual to refrain from giving.

Report Opposes Proposal on Accounting for Pledges

Charities should not be required to count pledges of donations as revenue, concludes a new report issued by the Program on Non-Profit Organizations at Yale University.

The report, by Hayden W.

Smith, an economist and former senior vice-president at the Council for Aid to Education, was written in response to a proposal by the Financial Accounting Standards Board, an organization that sets the accounting rules followed by most businesses and organizations. The seven-member board has recommended that such a requirement be adopted as part of a sweeping effort to overhaul the way non-profits prepare their financial documents.

The report said counting pledges as assets would exaggerate the wealth of most non-profits, since groups would have to count the pledges in the year they were promised, not the year the money was received.

Members of the standards board have said they disagree, arguing that counting pledges provides a more reliable picture of a non-profit's financial status.

The board has been working on its proposal to revamp standards for non-profit accounting for several years, but has not been able to come up with a final version. A new proposal is expected to be issued next month.

Copies of the report, "Pledges: To Recognize or Not to Recognize: When Does a Charitable Contribution Occur?" cost \$4.50 each and are available from the Program on Non-Profit Organizations, P.O. Box 154, Yale Station, New Haven, Conn. 06520.

Where Non-Profit Postal Subsidies Stand in Congress

Latest Action: The Senate passed a bill that would provide \$200-million in postal subsidies for non-profits in fiscal 1993, which begins October 1.

What Legislation Would Do: The bill, which is similar to legislation passed by the House, provides \$282-million less than the Postal Service wanted. Both the House and Senate bills would prohibit the Postal Service from making up that gap by raising non-profit rates during fiscal 1993.

Next Step: Lawmakers in the House and Senate must reconcile the differences in the big appropriations measure that contains the provision affecting non-profit mail. After that, a compromise measure will be sent to President Bush for his approval.

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Facing Steep Decline in Revenue, YWCA Cuts Half Its National Staff

The YWCA of the U.S.A. has laid off half its staff as part of a sweeping overhaul of the organization's structure and changes in its program.

Seventy jobs have been cut at

the New York-based organization, which is the umbrella group for 400 YWCA's nationwide.

Gwendolyn C. Baker, national executive director of the YWCA, said that the organizational changes were partly due to financial problems. The national headquarters' revenues have decreased by between 20 and 30 per cent during the past year, she said.

Although Ms. Baker declined to provide specific details about the status of the organization's budget, the group's latest annual report said that total revenues for the fiscal year ending August 31, 1991, were \$8.8-million, while the previous year's annual report listed total revenues as \$10.2-million.

Ms. Baker said the group's money problems were caused by slow growth in its investments and a decline in dues paid by local YWCA's.

However, Ms. Baker said that the changes were not made simply for financial reasons but were needed "to bring the YWCA into the 21st century."

Under the re-organization, the group intends to:

- Step up use of computers to deliver services that have traditionally been provided by staff members.

- Sponsor more research and conduct lobbying efforts to improve women's health.

- Expand membership by recruiting college-age women and members of minority groups.

—HOLLY HALL

Corrected Chart:
Median Chief Executives
Salaries at Private
Foundations



SOURCE: Council on Foundations

CHRONICLE CHART BY JOE GRAGAN

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PRESS CLIPPINGS



BILLIONAIRES HOW THEY GIVE THEIR MONEY AWAY

Does the question of how they give, but many are confused by a genuine desire to help others would be lost.

Billionaires are not a new phenomenon. In fact, they have been around since the beginning of time. But in the past few decades, they have become a much more prominent part of our lives. And with their wealth comes a responsibility to give back. But how do they do it? Some are generous, some are not. Some are confused by the question of how to give, but many are confused by a genuine desire to help others would be lost.



'Fortune': Today's Billionaires Not as Generous as Yesteryear's

IN ITS ANNUAL LISTING of the world's billionaires, *Fortune* (September 7) contends that today's wealthy people aren't nearly as generous as those of previous generations.

As an example, the magazine cites the \$100-million gift made by the industrialist Henry Rowan to Glassboro State College in New Jersey this summer. Although that was one of the largest gifts ever made to a college, it's not worth nearly as much as the donation of James Duke, whose \$80-million contribution to Duke University 70 years ago is equivalent to \$645-million today, *Fortune* says.

"After a decade in which the rich succeeded in making themselves only richer, it would be wonderful to say that they had also become more generous," the magazine says. "Unfortunately, they did not."

'Lear's': Fierce Battles Among AIDS Groups

"CELEBRITY FUND RAISING for AIDS has brought out the best and worst in Hollywood, revealing a nervous panoply of glitter, grief, and guilt," says *Lear's* (September). "Never before has the industry rallied around a single cause as it has for AIDS; clearly there has been an orgy of giving. But there also has been an outbreak of factional disputes."

Part of the reason for the increased turf battles is heightened competition. In Los Angeles alone, at least 100 groups raise money for AIDS. "You see 100 tents paid, 100 administrative costs, and people getting invited to hundreds of events," Marcia Smith of the Search Alliance, an AIDS group in Los Angeles, told the magazine. "People get direct mail from Carol Burnett, from Sandy Duncan, from God knows who. Everybody has their own foundation now—Liz Taylor, Magic Johnson, Dionne Warwick. People don't know where to go, who to contribute to."

But it's not only increased competition that has caused so many skirmishes. It's also the increasing influence of celebrities over the organizations with which they are associated, according to *Lear's*. For AIDS groups, "the measure of your importance is the measure of celebrity involvement you attract," Michael Weinstein, director of the AIDS

Healthcare Foundation in Los Angeles, told the magazine. "That's not how it should be, particularly with an issue like AIDS. But that's how it is."

Notes

► Can United Way regain the public's trust after the scandal over former President William Aramony's salary, perquisites, and loose management style? Even though United Way of America last month named a replacement for Mr. Aramony, the organization continues to be dogged by publications asking that question. The *Los Angeles Times Magazine* is the latest to weigh in, with an article explicitly detailing the United Way's troubles this year. "It's too early to tell whether the damaging revelations and uncertainty over federal officials' wide-ranging criminal investigation will cut deeply into donations," noted the magazine. "Many observers believe that United Way is in for several lean years."

► Telethons to raise money to help people with serious diseases will be the next target for disability activists, now that the federal Americans with Disabilities Act has gone into effect, predicts Mary Johnson in *The Nation* (September 14). Ms. Johnson, editor of *The Disability Rag*, says that many activists "accuse the charities of treating disabled people as objects of pity and say they paint a picture of disability as a fate worse than death, and of disabled people as desperately waiting for a cure, without which their lives are useless." She notes that many of the activists have been protesting the Muscular Dystrophy Association's annual Labor Day telethon for the past several years because they don't like the way Jerry Lewis portrays people with the neuromuscular disease, contending he refers to adults with the disease as his "kids."

In a letter to the *The Nation*, Robert Ross, senior vice-president of the MDA, replied that the association's telethon "does not represent its beneficiaries as pitiful, childlike (unless they are children), or helpless." He complained that critics of the telethon have been allowed to get away with "lies" because "people presume that a person with a disability who claims to speak on behalf of others in similar circumstances does so on the basis of special insights unavailable to the rest of us and with sensitivities that demand unquestioning respect."